

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** April 24, 2008  
**POSITION:** Oppose

**BILL NUMBER:** SB 606  
**AUTHOR:** D. Perata

### **BILL SUMMARY:** School District Accountability

This bill would create a state program for local educational agencies (LEAs) that are identified for corrective action under the No Child Left Behind (NCLB) Act. Specifically, the bill would do the following:

- Require the Superintendent of Public Instruction (Superintendent) to collect, and LEAs to submit, data that would be included in an annual report on corrective action LEA student achievement.
- Of the seven sanctions that can be imposed by the state on corrective action LEAs, limit the authority of the trustee appointed by the state to stay and rescind authority only. Also, provide guidelines for the appointment, employment, and exit criteria for a trustee.
- Provides the Superintendent with broad authority to require LEAs to provide unspecified information.
- Establish timelines and processes for the State Board of Education's (Board) assignment of District Assistance and Intervention Teams (DAITs) to corrective action LEAs.
- Require the Superintendent to contract for an external evaluation of the program.

### **FISCAL SUMMARY**

This bill, on a one-time basis, would appropriate \$47 million federal Title I Set Aside Fund to the State Department of Education (SDE) to allocate to LEAs identified for corrective action in 2007-08. Of these funds, \$45 million would be for grants to LEAs to implement the sanctions and technical assistance prescribed in the bill. Additionally, the bill includes \$1.2 million for eight SDE positions to support the program and \$800,000 for the Superintendent to contract for an external evaluation of the program. Finance notes that based on information provided by the SDE, these positions are not fully justified.

In addition, the bill would likely create several ongoing state-reimbursable mandates that could cost tens or even hundreds of millions of dollars Proposition 98 General Fund by: 1) authorizing the Board to require LEAs to contract with DAITs, which would be a new program or higher level of service placed on local governments by the state. More definitive costs of DAITs are still to be determined; however, anecdotal information indicates costs, at a minimum, of \$300,000 per DAIT. Applying this figure to the 97 LEAs identified for corrective action in 2007-08 yields a cost of approximately \$29 million; 2) requiring districts to implement all the recommendations made by DAITs, the resulting costs are unknown but potentially significant; 3) permitting the Superintendent to require LEAs to provide unspecified information would also result in additional, unknown costs.

Although, this bill appropriates funding that may offset the state-reimbursable mandates for 2007-08, it does address the mandated cost for the 2008-09 fiscal year and beyond.

### **COMMENTS**

Finance is opposed to this bill for the following reasons:

Analyst/Principal (0363) R. Storm	Date	Program Budget Manager Jeannie Oropeza	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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- The bill would create several state-reimbursable mandates. The bill would authorize the Board to require LEAs to enter into contracts with DAITs without aligning DAIT requirements with the technical assistance requirements under federal law, resulting in a higher level of service being required of LEAs by the state. **Finance notes that this bill could be amended to mitigate the state-reimbursable mandated concerns.**
- The bill would create significant governance issues. Currently, the Board, as the federally-designated state educational agency, provides direction to LEAs in corrective action, and recently did so in assigning federal sanctions to 97 LEAs. The bill would assign many of those powers to the Superintendent, undermining the Board's authority and contradicting their recent action.
- The bill would conflict with the requirements of NCLB. These actions would put the state out of compliance with federal law and jeopardize future federal Title I grant funds. Specifically, the bill would allow the Superintendent to forego assigning a sanction to a corrective action LEA or assign a sanction to an LEA that is inconsistent with federal law.
- The bill contains many drafting errors and would create contradictory statutory references, which would make it difficult or statutorily impossible for the Superintendent, Board, and LEAs to implement provisions of the bill.

The federal accountability program, created under NCLB, requires schools and LEAs to meet annual Adequate Yearly Progress (AYP) targets based on statewide test scores, participation rates, state accountability scores, and graduation rates. Schools and LEAs who fail to meet AYP for two consecutive years enter a phase under federal accountability known as Program Improvement, in which sanctions are applied to these schools and LEAs. Schools and LEAs in Program Improvement that fail to meet AYP for two additional consecutive years, enter a phase known as corrective action, during which federal law requires the state to assign more severe sanctions to these schools or LEAs.

In March 2008, the Board approved federal sanctions and technical assistance for the first cohort of LEAs entering the corrective action stage of Program Improvement. These LEAs were assigned the corrective action of fully implementing a new curriculum and most were required to contract with DAITs for technical assistance. Coachella Valley Unified School District was also assigned the sanction of a trustee. These sanctions are pending until federal funds are appropriated for these purposes.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
6110/Dept of Educ	SO	No		--	C	\$2,000		--	0890
6110/Dept of Educ	LA	No		--	C	\$45,000		--	0890
6110/Dept of Educ	LA	Yes	-----	See Fiscal Summary				-----	0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0890	Trust Fund, Federal								